

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 5, 2019

For details call: (204)235-2237 or visit

www.hamsmarketing.ca

US Slaughter

465,000 Monday
448,000 Year Ago

Daily Prices

Iowa/S. MN. \$45.22
W. Corn Belt \$45.09
National \$55.39

ML Signature 5 \$120.50
HyLife (prev. day) \$129.27
TCP/BP2 \$120.50
BP4/TCP4 \$130.93

BoC Rate (Noon) prev. day
\$1.3317 CAD / \$0.7509 USD

Cash Prices Week Ending March 2, 2019

Signature 3 109.75/49.78
Signature 4 130.15/59.04
Signature 5 119.95/54.41
h@ms Cash 128.15/58.13
HyLife 128.45/58.26
TCP/BP2 124.48/56.46
BP4/TCP4 134.38/60.95

2018 Top-Up Value

\$6.50/ckg (call for details)

ISO Weans \$47.89 US Avg.

Feeder Pigs \$68.65 US Avg.

Forward contract prices opened higher this morning. US cash markets turned upward with ISM, WCB, and National reporting regions \$0.26, \$1.42, and \$0.37 USD/cwt higher than the previous day, respectively. The value of the carcass came in about a dollar higher, led by bellies that, while encouraging, is still residing amid the lows; the cut-out is approximately 20% lower than the three-year average which, incidentally, is roughly the same value as the Mexican pork tariff. Slaughter came in a bit lower than the new normal yesterday, but it was still 3.8% higher than year ago and is not expected to back off any time soon. Low cut-out, large supplies, and a steady but uninspiring export business has pushed cash values to post-2014 historical lows. The WCB region is about 29% lower than the average while National is down by approximately 19%. Lean hog futures are mixed over the day-to-day and while the nearbys are down relative to the beginning of the year, the October and December contracts have retained (and in some cases gained) value over comparable timespans. This translates into a decent hedging opportunity for the Western Canadian producer that will see an approximate \$10 CAD/ckg forward contract premium to the three-year average cash settle.

Canadian delivered soymeal prices opened lower this morning.

The market is still waiting for positive export news to develop on the China/USA trade front and for now, market participants only have hopeful newflashes and tweets. While China did announce they would buy an additional 10 MMT in soybeans, which is widely believed to be old crop, there has been no evidence (or even sales announcements) in this regard. Presidents Trump and Xi are planning a summit near the end of March where it is expected some positive memorandum or agreement in principle will be announced on a new trade deal. In the meantime, the market remains buoyed by hope and challenged by massive old crop ending stocks, so far.

US corn futures opened higher this morning. Like beans, US corn futures are poised to react to hopeful news that has yet to concretely materialize. Normally US corn doesn't get much attention in China, but there is talk the 'agriculture products' currently being negotiated in trade talks with China include corn and ethanol. 12 MMT in corn sales (a number cited earlier as a possible commitment) is a relatively small amount of overall US corn production. However, it is the as yet unconfirmed ethanol component that could provide a boost.

Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		130.01 136.86	132.31 158.28	165.01 181.72	175.56 177.60	173.33 177.45	159.02 165.66	153.64 156.94	140.85 154.36	138.75 144.32
Soymeal Wpg/S.Man	455	458	461	468	467	470				

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2019 District Meetings	Date	Time	Location
Swift Current	Tuesday, March 5	12:00 Noon	Coast Hotels - 905 North Service Road East, Swift Current
H.B. Marketing & MB West	Thursday, March 7	2:00 P.M.	Glesby Centre - 11-2nd St. NW, Portage La Prairie
Heartland Marketing District	Thursday, March 14	2:00 P.M.	Starbuck Community Hall - 25 Main Street, Starbuck
Manitoba East	Friday, March 15	12:00 Noon	Smitty's Restaurant - Clear Spring Centre, Steinbach